Citizen Services

Environmental Services

Water

Infrastructures

2014
EARNINGS REPORT

Dow Jones Sustainability Indexes FTSE4Good

1) HIGHLIGHTS 2

2) EXECUTIVE SUMMARY 3

3) SUMMARY BY BUSINESS AREA 4

4) INCOME STATEMENT 5

5) BALANCE SHEET 10

6) CASH FLOW 14

7) BUSINESS PERFORMANCE 17

8) SHARE DATA 29

9) DISCLAIMER 29

10) CONTACT DETAILS 30

FCC to manage waste from Houston (USA) over 5 years

1. HIGHLIGHTS

Successful capital increase in the amount of 1,000 million euro

The Extraordinary General Shareholders' Meeting held on 20 November 2014, approved a capital increase with preferential subscription rights, in the amount of 1,000 million euro, which was launched by the Board of Directors of the 27th of the same month, equivalent to 133,269,083 new shares at a subscription price of 7.5 euro per share. On 19 December 2014, it was completed with the full subscription of the new shares and a bid-to-cover ratio for the shares of more than 9.2 times. Accordingly, the current share capital stands at 260,572,379 shares.

The transaction has reduced debt, through the partial prepayment and restructuring of Tranche B included in the bank refinancing signed on June 2014, and has covered other engaged investment needs. It has also strengthened the equity structure and the Group result by reducing the financial burden.

Entry of a new significant shareholder into the capital of FCC

On 27 November 2014, the Company communicated the successful negotiations between the controlling shareholder (B1998) and Control Empresarial de Capitales S.A. de C.V. (CEC), controlled by the Slim family. Subsequently, during the preferential subscription period of the capital increase carried out by the FCC Group, CEC signed a total of 66,794,810 newly issued FCC shares, representing 25.6% of the share capital of FCC after the capital increase.

Following the transaction and the recent capital reduction at B1998, the resulting significant shareholder structure of FCC is: 25.6% held by CEC, 22.4% held by B1998, and 5.7% held by BGI (Funds linked to Bill Gates).

FCC Construction obtains large new railway contracts outside Spain

Two consortia led by the Construction area obtained contracts totalling over 3,800 million euro for the year as a whole. Two underground metro projects are notable among the latter. It was awarded the contract to design and build line 2 of Lima Metro and a branch of line 4 for 3,300 million euro. The execution period envisioned is five years, after which the 30-year operation period will commence. In the Middle East, an FCC Construction-led consortium obtained a contract to build the Red line of Doha metro (Qatar) for 500 million euro.

The works portfolio attributable to FCC Construction reflects 6,213 million euro at year end, guaranteeing over 35 months' work aligned with a profitable and selective positioning process.

FCC Aqualia consolidated its presence in the Middle East and North Africa

FCC Aqualia, parent of the Water area, was awarded a contract for the construction of the Djerba desalination plant (Tunisia) for a total of 70 million euro. The contract includes the start-up and operation of a plant which will supply water to a total of 150,000 people.

Moreover, the company has won —as part of a consortium— a tender worth 300 million euro for the development and management of the sewerage network of Al Dhakhira (Qatar) over the next 10 years, with a served population of over 200,000 inhabitants. This contract marks the entry into the country and adds to its strategic presence in the area together with the concessions awarded previously in Saudi Arabia and UAE. With this new international expansion, FCC Aqualia is now present in over 15 countries as part of its selective expansion process in Europe, MENA and Latin America. With these new additions, the total population served amounts to 23.5 million users, with an income portfolio of 15,114 million euro at year-end, a growth of 1.7%.

Compliance with the divestment plan reach 80% completion, with 1,740 million euro

Since the current Strategic Plan was implemented in the second quarter of 2013, the group has already completed and agreed on divestments of non-core assets amounting to 1,740 million euro; this means that 79% of the target of 2,200 million euro has been reached.

Regarding those completed in 2014, notable is the sale of the Logistics business for 32 million euro, the agreement to divest Cemusa (street furniture) for 80 million euro —which is now only awaiting certain administrative authorisations in order to complete the transfer— and the sale of FCC Environmental (industrial waste in USA) last month of October, for 69 million euro.

Among the assets pending sale in coming quarters, notable is the 50% stake in Globalvía, together with real estate assets and stakes in infrastructure concessions.

Citizen Services

2. EXECUTIVE SUMMARY

- Revenues fell by 6.2% to 6,334.1 million euro, mainly due to the ongoing contraction in demand in Spain's construction sector and the more selective growth pursued in this area overseas.
- EBITDA grew by 12.1% to 804 million euro, thanks to the efficiency and restructuring measures implemented and the stability provided by the environmental "utilities" areas. Thus, the operating margin has increased over the year to 12.7%, compared to 10.6% in 2013.
- The business portfolio remains at historic highs of 32,996.5 million euro (-1.1% with respect to 31 December 2013), buoyed by the expansion in the Water area.
- Net attributable loss was -724.3 million euro, due to the accounting impact of non-recurring provisions and impairments in the amount of 781 million euro, with there being no impact on the cash flow for the year, completing the restructuring cycle undertaken since 2013.
- Net borrowings were reduced by 15.9% after the capital increase carried out in December and stood at 5,016 million euro at the end of 2014.

NOTE: ASSETS HELD FOR SALE

The residual assets and liabilities in the Versia business (Cemusa) have been designated as "*held for sale*" since 30 June 2013 and are pending completion of the sale. In the same terms, it has registered those corresponding to the shares in GVI since 31 December 2013 (see note 5.3). Accordingly, their earnings are recognised under "*results from discontinued operations*" (Note 4.5.2). Realia has also been reclassified as a continuing activity since 31 December 2014.

As a result of these changes, the income statement and cash flow statement for 2013 have been restated to enable comparison.

KEY FIGURES

(million euro)	**Dec. 14**	**Dec. 13**	**Chg. (%)**
Net Revenues	6,334.1	6,750.0	-6.2%
EBITDA	804.0	717.3	12.1%
EBITDA margin	12.7%	10.6%	*2.1 p.p*
EBIT	(345.6)	(307.7)	12.3%
Ebit margin	*-5.5%*	*-4.6%*	*-0.9 p.p*
Income attributable to equity holders of the parent company	(724.3)	(1,506.3)	-51.9%
Operating cash flow	608.9	774.8	-21.4%
Investment cash flow	(167.2)	(411.5)	-59.4%

(million euro)	**Dec. 14**	**Dec. 13**	**Chg. (%)**
Net equity	495.4	243.2	103.7%
Net interest-bearing debt	5,016.0	5,964.5	-15.9%
Backlog	32,996.5	33,352.5	-1.1%

3. SUMMARY BY BUSINESS AREA

Area	Dec. 14	Dec. 13	Chg. (%)	% of 2014 total	% of 2013 total
(million euro)					
REVENUE BY BUSINESS AREA					
Environmental Services	2,805.0	2,770.6	1.2%	44.3%	41.0%
Water	954.0	945.6	0.9%	15.1%	14.0%
Construction	2,076.1	2,597.1	-20.1%	32.8%	38.5%
Cement	542.9	540.9	0.4%	8.6%	8.0%
Corp. services & adjust.	(43.9)	(104.2)	-57.9%	-0.7%	-1.5%
Total	**6,334.1**	**6,750.0**	**-6.2%**	**100.0%**	**100.0%**
REVENUES BY GEOGRAPHIC AREA					
Spain	3,540.5	3,880.1	-8.8%	55.9%	57.5%
UK	931.8	840.7	10.8%	14.7%	12.5%
Latin America	672.7	923.0	-27.1%	10.6%	13.7%
Central & Eastern Europe	520.0	560.4	-7.2%	8.2%	8.3%
MENA	338.9	178.1	90.3%	5.4%	2.6%
US and Canada	203.5	241.3	-15.7%	3.2%	3.6%
Others	126.7	126.4	0.2%	2.0%	1.9%
Total	**6,334.1**	**6,750.0**	**-6.2%**	**100.0%**	**100.0%**
EBITDA					
Environmental Services	418.3	424.6	-1.5%	52.0%	59.2%
Water	208.4	193.7	7.6%	25.9%	27.0%
Construction	98.2	94.3	4.1%	12.2%	13.1%
Cement	104.8	50.4	107.9%	13.0%	7.0%
Corp. services & adjust.	(25.7)	(45.7)	-43.8%	-3.2%	-6.4%
Total	**804.0**	**717.3**	**12.1%**	**100.0%**	**100.0%**
EBIT					
Environmental Services	(437.8)	(68.5)	N/A	126.7%	22.3%
Water	123.9	115.9	6.9%	-35.9%	-37.7%
Construction	27.8	(253.2)	-111.0%	-8.0%	82.3%
Cement	35.9	(24.2)	N/A	-10.4%	7.9%
Corp. services & adjust.	(95.4)	(77.7)	22.8%	27.6%	25.3%
Total	**(345.6)**	**(307.7)**	**12.3%**	**100.0%**	**100.0%**

Area	Dec. 14	Dec. 13	Chg. (%)	% of 2014 total	% of 2013 total
NET DEBT					
Environmental Services	1,764.4	2,162.5	-18.4%	35.2%	36.3%
Water	326.8	395.9	-17.5%	6.5%	6.6%
Construction	(212.3)	(164.1)	29.4%	-4.2%	-2.8%
Cement	1,304.3	1,363.7	-4.4%	26.0%	22.9%
Corp. services & adjust.	1,832.9	2,206.5	-16.9%	36.5%	37.0%
Total	**5,016.0**	**5,964.5**	**-15.9%**	**100.0%**	**100.0%**
BACKLOG					
Environmental Services	11,669.7	11,884.8	-1.8%	35.4%	35.6%
Water	15,113.8	14,859.5	1.7%	45.8%	44.6%
Construction	6,213.0	6,608.1	-6.0%	18.8%	19.8%
Total	**32,996.5**	**33,352.5**	**-1.1%**	**100.0%**	**100.0%**

4. INCOME STATEMENT

(million euro)	**Dec. 14**	**Dec. 13** [1]	**Chg. (%)**
Net Revenues	**6,334.1**	**6,750.0**	**-6.2%**
EBITDA	**804.0**	**717.3**	**12.1%**
EBITDA margin	***12.7%***	***10.6%***	***2.1 p.p***
Non-recurring provisions	(98.0)	(358.7)	-72.7%
Impairment of non-current assets	(665.1)	(346.6)	91.9%
Amortisation of fixed assets	(404.3)	(425.8)	-5.0%
Other operating results	17.8	106.1	-83.2%
EBIT	**(345.6)**	**(307.7)**	**12.3%**
EBIT margin	***-5.5%***	***-4.6%***	***-0.9 p.p***
Financial income	(375.8)	(438.5)	-14.3%
Other financial results	(12.7)	(77.8)	-83.7%
Equity-accounted affiliates	(84.8)	34.3	-347.2%
Earnings before taxes (EBT) from continuing activities	**(818.8)**	**(789.7)**	3.7%
Corporate income tax expense	64.2	135.4	-52.6%
Result of continued operations	**(754.6)**	**(654.3)**	**15.3%**
Result of discontinued operations	21.2	(876.0)	-102.4%
Net Result	**(733.4)**	**(1,530.3)**	**-52.1%**
Minority interests	9.1	24.0	-62.1%
Income attributable to equity holders of the parent company	**(724.3)**	**(1,506.3)**	**-51.9%**

(1) Figures have been restated for the sole purpose of complying with IFRS 11 “Joint arrangements”.

4.1 Net Revenues

The consolidated revenues of the Group totalled 6,334.1 million euro in 2014, a 6.2% decrease year-on-year.

Revenues from Construction fell 20.1% year-on-year due to the continued adjustment in recent years to public investment in infrastructure in Spain, where revenues have shrunk 28.3%. This is in addition to the fact that many important works in international markets are —as yet— in the initial phase; markets in which more selective growth objectives have been implemented and the company has focused on optimising profitability and cash generation, rather than expanding the activity.

Excluding the Construction business, revenues from the rest of the Group increased by 2.5%. In the area of Environmental Services, revenues rose 1.2% driven by business in the UK; while in the area of Water, revenues rose by 0.9% due to the strength of the concession business. In the area of Cement, revenues recorded a slight increase of 0.4% due to exports, which offset the decline in revenues in Spain, linked to the closure of unprofitable cement by-product sales.

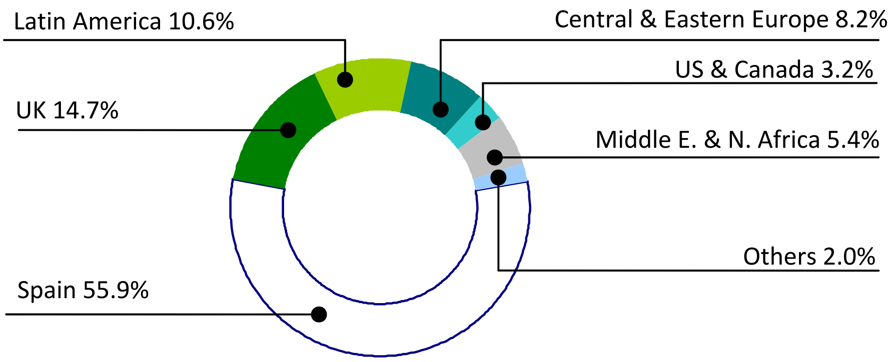
Revenue breakdown, by region			
(million euro)	**Dec. 14**	**Dec. 13**	**Chg. (%)**
Spain	3,540.5	3,880.1	-8.8%
UK	931.8	840.7	10.8%
Latin America	672.7	923.0	-27.1%
Central & Eastern Europe	520.0	560.4	-7.2%
Middle East & North Africa	338.9	178.1	90.3%
US and Canada	203.5	241.3	-15.7%
Others	126.7	126.4	0.2%
Total	**6,334.1**	**6,750.0**	**-6.2%**

By geographic area, the strong growth of 90.3% of revenues in Middle East and North Africa is worth attention. This is due to the commencement of works of the Riyadh metro in the Construction area. Income in Latin America fell by 27.1% mainly due to the completion of other projects such as the line 1 metro project and road re-structuring of Panama City. The works for the Lima metro are expected to start in the second quarter of 2015.

In the UK, revenues increased by 10.8% due to the commencement of the Mersey Gateway project, in the Construction area, and to the increase in the urban waste treatment, recycling and incineration activity in the Environmental area, in addition to the positive effect of the exchange rate of the British pound (+5.3%). In addition, during 2014, a number of urban waste recycling, processing and incineration facilities have started to operate.

Revenues fell by 7.2% in Central and Eastern Europe, mainly due to the termination of the civil works in Romania and Bulgaria, as well as the negative effect in the exchange rate in the Czech Republic (-5.7%). In USA and Canada, the 15.7% decrease in revenues was mainly due to the completion of the Toronto metro project in the Construction business.

% Revenues by region

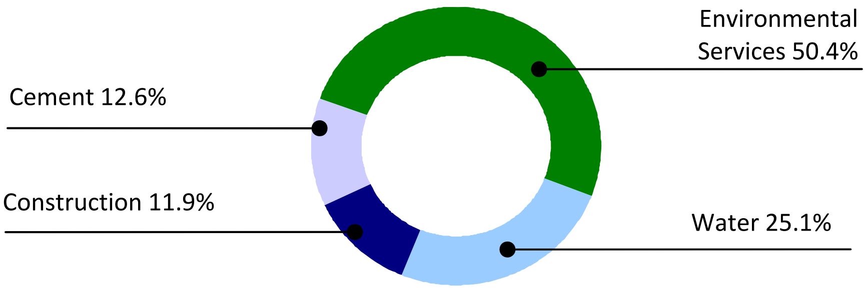


4.2 EBITDA

EBITDA amounted to 804 million euro in 2014, 12.1% increase compared to the same period from the previous year, and an improvement of 2.1 percentage points in the operating margin which climbed to 12.7%.

This improvement in profitability was due in large part to savings reached through the efficiency program and the restructuring measures implemented since the Strategic Plan launch, at the beginning of 2013. This is especially relevant in the Cement, Construction and Central Services areas.

% EBITDA by Business Area*



**Adjusted for Corporate Services*

4.3 Net Operating Profit (EBIT)

The net operating profit resulted in a negative balance of 345.6 million euro, after including non-recurring provisions and impairments of 748 million euro in the EBITDA, with no impact on the cash flow in the year, as well as the amortisation of property, plant and equipment and other operating results for a total amount of 401 million euro.

4.3.1 Non-recurring provisions

During the year, the Company has made non-recurring provisions totalling 98 million euro to cover both the impairment of real estate assets in the Construction area (in the amount of 34 million euro) and various risks at the level of the parent company (in the amount of 64 million euro).

In 2013, this line item included provisions amounting to 272.4 million euro to cover the valuation adjustment of assets, workforce restructuring costs and risks linked to certain international contracts in the area of Construction, in addition to a further 58.6 million euro in the area of Cement and 27.7 million euro in Corporate Services for restructuring costs.

4.3.2 Impairment of non-current assets

In 2014, an impairment of 649.7 million euro was recorded in the non-current assets of the subgroup FCC Environment (Environmental Services in the UK), as a result of the progressive closure forecast in some landfills which are no longer profitable due to lower volumes than expected as a result of a continued increase in the landfill tax in the past few years. This decision accelerates the change of the urban waste management business in the UK, giving considerably more weight to the recycling, recovery and treatment activity, so as to improve profitability in all the operations in the long-term.

In 2013, this line item included the impairment of the goodwill of the subgroup FCC Environment and of companies engaged in the industrial waste business in the amount of 262.7 million euro, together with the deterioration of other non-current assets amounting to 83.9 million euro —mainly concessions in the area of Construction and the concrete, mortar and aggregates businesses in the area of Cement.

4.3.3 Amortisation of fixed assets

The depreciation and amortization expense of property, plant and equipment in 2014 amounted to 404.3 million euro, which is 5% less than the previous year and in line with the Group's reduction in property, plant and equipment. This figure includes 44.8 million euro related to the amortisation of the increase assigned to various assets at the time of their inclusion in the Group.

4.3.4 Other operating results

Finally, the line item "other operating income" contributed 17.8 million euro, mainly from the sale of property, plant and equipment in the areas of Cement and Construction. The profit of 106.1 million euro in the same period of 2013 included 105 million euro in capital gains from the swap transaction and the sale of a terminal in the Cement area.

4.4 Earnings before taxes (EBT) from continuing activities

EBT reflected a negative balance of 818.8 million euro, after incorporating the following to EBIT:

4.4.1 Financial income

Net financial expense for the year amounted to 375.8 million euro, representing a decrease of 14.3% compared to 2013 thanks to the debt haircut in the amount of 135 million euro on the amortized amount (900 million euro) of Tranche B of the syndicated corporate loan. The aggregate finance costs at year-end included 40.5 million euro in capitalised interests corresponding to Tranche B.

The negative balance of 12.7 million euro in 2014 and 77.8 million euro in 2013 from "other financial results" are primarily due to the impairment of loans to affiliates in the area of Construction.

4.4.2 Equity-accounted affiliates

The equity-accounted affiliates had a negative impact in the amount of 84.8 million euro in 2014; of which 35.8 million euro correspond to Realia, while the rest mainly relate to losses and impairment of companies in the area of Construction.

The positive result of 34.3 million euro in 2013 included 52 million euro from the sale of 50% of Grupo Proactiva and 15 million euro from the sale of other assets, mainly investments in various concessions in the area of Construction, within the ongoing divestment programme. The stake in Realia contributed losses of 29.1 million euro.

4.5 Income attributable to equity holders of the parent company

Net attributable income in the year amounted to a negative balance of 724.3 million euro (compared to 1,506.3 million euro in 2013), after including the following items in EBT:

4.5.1 Income tax

Corporate income tax included a tax credit of 64.2 million euro (135.4 million euro in the previous year).

4.5.2 *Result of discontinued operations*

Profit from discontinued operations is at 21.2 million euro. During the year the company concluded the sale of FCC Logística, FCC Environmental (US) and 51% of FCC Energía. At year-end 2014, the sale of Cemusa is still pending formalisation, which is expected to be completed during the second quarter of 2015.

The loss of 876 million euro in 2013 related mainly to the decline in value of the Alpine shareholding to zero, including the financial result of the company until the time of its liquidation, for a net amount of 423.9 million euro, together with the impairment of the remaining assets held for sale in the net amount of 371.1 million euro.

4.5.3 *Minority interests*

The minority shareholders, mainly concentrated in the Cement area, reflect losses of 9.1 million euro (24 million euro in 2013).

5. BALANCE SHEET

(million euro)	Dec. 14	Dec. 13 (1)	Change (M€)
Intangible fixed assets	2,967.5	2,864.4	103.1
Tangible assets	3,175.6	3,753.1	(577.5)
Investments accounted for under the equity method	239.8	371.8	(132.0)
Non-current financial assets	426.7	386.8	39.9
Deferred tax assets and other non-current assets	1,044.2	1,082.0	(37.8)
Non-current assets	**7,853.8**	**8,458.1**	**(604.3)**
Non-current assets held for sale	1,002.5	2,172.5	(1,170.0)
Inventories	760.6	798.3	(37.7)
Trade and other receivables	2,488.4	2,819.3	(330.9)
Other current financial assets	380.4	396.3	(15.9)
Cash and cash equivalents	1,537.1	987.6	549.5
Current assets	**6,169.1**	**7,174.0**	**(1,004.9)**
TOTAL ASSETS	**14,022.9**	**15,632.1**	**(1,609.2)**
Equity attributable to equity holders of parent company	271.7	3.2	268.5
Minority interests	223.7	240.0	(16.3)
Net equity	**495.4**	**243.2**	**252.2**
Grants	239.3	228.7	10.6
Non-current provisions	1,157.9	1,092.5	65.4
Long-term borrowings	5,615.7	1,070.7	4,545.0
Other non-current financial liabilities	66.5	66.3	0.2
Deferred tax liabilities and other non-current liabilities	754.6	1,017.2	(262.6)
Non-current liabilities	**7,834.0**	**3,475.3**	**4,358.7**
Liabilities linked to non-current assets available for sale	776.9	1,729.2	(952.3)
Current provisions	288.5	341.4	(52.9)
Short-term financial debt	1,317.9	6,277.7	(4,959.8)
Other current financial liabilities	63.2	116.9	(53.7)
Trade and other creditors	3,247.0	3,448.4	(201.4)
Current liabilities	**5,693.5**	**11,913.6**	**(6,220.1)**
TOTAL LIABILITIES	**14,022.9**	**15,632.1**	**(1,609.2)**

(1) Figures have been restated for the sole purpose of complying with IFRS 11 "Joint arrangements".

5.1 Tangible assets

The balance of fixed tangible assets at 31 December totalled 3,175.6 million euro; 577.5 million euro less than on 31 December 2013 mainly due to the impairment of the fixed assets of the FCC Environment subgroup (in the UK), linked to the landfills business, as referred to in section 4.3.2.

5.2 Investments accounted for under the equity method

The balance of 239.8 million euro in investments made in investees comprised the following at 31 December:

1) 88.7 million euro for shareholdings in Water concession companies.
2) 81.8 million euro for the shareholding in companies in the Environmental Services area.
3) 54.4 million euro corresponding to the 36.9% shareholding in Realia.
4) 14.9 million euro corresponding to the remaining shareholdings and loans to investees.

The reduction of 132 million euro compared to 31 December 2013 is mainly due to the impairment and losses of investees in the Construction area.

5.3 Non-current assets and liabilities held for sale

The balance of 1,002.5 million euro in non-current assets held for sale at 31 December mainly includes the value of the assets linked to Cemusa, and to a lesser extent to the 50% shareholding in Globalvía. This line item has decreased by 1,170 million euro compared to the aggregate balance at 31 December 2013, due to the sale of FCC Logística, 51% of FCC Energía, FCC Environmental (US) and the reclassification of the Realia shareholding as an investment accounted for by the equity method.

These assets are in turn associated with liabilities in an aggregate amount of 776.9 million euro, which correspond entirely to Cemusa, mainly due to payment obligations related to the long-term exploitation rights of its street furniture advertising media.

5.4 Net equity

Net equity at 31 December amounted to 495.4 million euro, representing an increase of 252.2 million euro compared with the aggregate balance at year-end 2013, mainly due to the capital increase of 1,000 million euro undertaken last December which offsets the appropriation of attributable losses in the amount of 724.3 million euro. These losses correspond to non-recurring provisions, impairments totalling 748 million euro (pretax), as described in paragraphs 4.3.1 and 4.3.2.

5.5 Net interest-bearing debt

Net debt at 31 December 2014 stood at 5,016.0 million euro, representing a decrease of 948.5 million euro compared to year-end 2013, following the capital increase of 1,000 million euro completed last December.

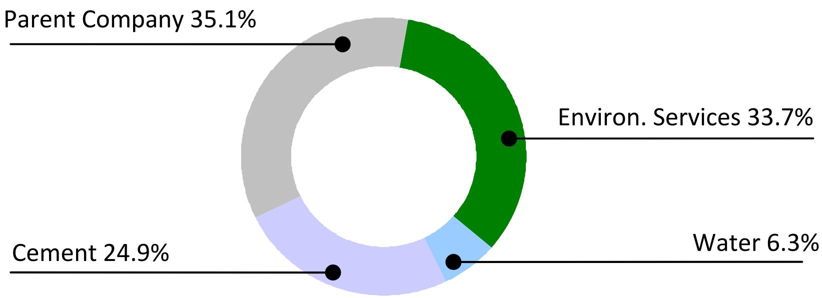
In the first half of fiscal year 2014, the FCC Group performed a refinancing transaction for its corporate bank debt worth 4,528 million euro, divided into a tranche A and a tranche B, for a period of four years (until June 2018), it extended by 6 years (until October 2020) the convertible bonds issued in October 2009, amounting to 450 million euro and it refinanced an additional 381 million pounds of bank debt corresponding to FCC Environment UK, without recourse to the parent company.

(million euro)	**Dec. 14**	**Dec. 13**	**Chg. (M€)**
Bank borrowings	5,756.4	6,228.4	(472.0)
Obligations (loans)	906.7	851.1	55.6
Finance leases	53.6	48.3	5.4
Derivatives and other financial liabilities	216.9	220.6	(3.7)
Gross interest-bearing debt	**6,933.6**	**7,348.4**	**(414.8)**
Cash and other financial assets	(1,917.6)	(1,383.9)	(533.7)
Net interest-bearing debt	**5,016.0**	**5,964.5**	**(948.5)**
With recourse	*2,798.3*	*3,775.8*	(977.5)
Without recourse	*2,217.7*	*2,188.7*	29.0

In addition, during the month of December, FCC performed a capital increase of 1,000 million euro against new cash contributions. Of this amount, 765 million euro were allocated to repay and amortise 900 million euro from tranche B of the corporate bank debt, with a debt haircut of 15%. A further 200 million euro have been used to reduce the indebtedness of the subsidiaries Cementos Portland Valderrivas and FCC Environment UK, and the remaining 35 million euro to cover the costs of the entire transaction.

Thus, the Group has managed to significantly reduce its debt level throughout the year, significantly increase their maturities and shore up its capital structure.

Net debt, by Business Area*

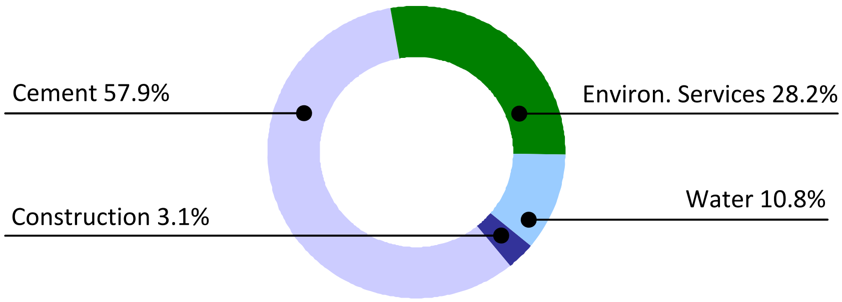


**Adjusted by net cash position in Construction*

By business unit, Environmental Services and Water accounted for 40% of the net debt, related to public, regulated and long-term services; 24.9% corresponded to Cement, which accounts for a great part of fixed assets on the balance sheet; and 35.1% to the parent company, which includes among others, the aforementioned 450 million euro convertible bond issue and the acquisition debt linked to different companies in various business activities.

The Group's net non-recourse debt amounted to 2,217.7 million euro at year end; 44.2% of the total.

Net debt without recourse, by area



It is worth noting that almost all of the debt linked to the Cement area (1,283.9 million euro) is non-recourse debt for the FCC Group. The remaining net non-recourse debt corresponds mainly to the Environment business, representing 625.5 million euro, of which 510 million euro correspond to the UK business, 80.6 million euro to the Central and Eastern Europe business and the remaining 34.9 million euro to other treatment and recycling plants in Spain and Portugal. Net non-recourse debt in the area of Water amounts to 240.2 million euro, of which 166.3 million euro correspond to business in the Czech Republic and the remaining 73.9 million euro to various end-to-end water management concessions in Spain. Lastly, non-recourse debt in the Construction area (68 million euro) is related to funding for two transport concessions.

5.6 Other current and non-current financial liabilities

The balance of other current and non-current financial liabilities amounted to 129.7 million euro and includes financial liabilities not classified as interest-bearing debt, such as those linked to suppliers of property, plant and equipment, and deposits and guarantees received.

6. CASH FLOW

(million euro)	Dec. 14	Dec. 13[1]	Chg. (%)
Funds from operations	**779.6**	**745.6**	**4.6%**
(Increase)/decrease in working capital	22.3	264.8	-91.6%
Income tax (paid)/received	(78.7)	(112.1)	-29.8%
Other operating cash flow	(114.3)	(123.5)	-7.4%
Operating cash flow	**608.9**	**774.8**	-21.4%
Investment payments	(485.5)	(479.6)	1.2%
Divestment receipts	227.6	310.7	-26.7%
Other investing cash flow	90.7	(242.6)	-137.4%
Investing cash flow	**(167.2)**	**(411.5)**	**-59.4%**
Interest paid	(358.5)	(402.3)	-10.9%
(Repayment)/issuance of financial liabilities	(554.4)	(211.1)	162.6%
Other financing cash flow	998.6	245.2	N/A
Financing cash flow	**85.7**	**(368.2)**	**-123.3%**
Exchange differences, change in consolidation scope, etc	22.2	(177.7)	-112.5%
Increase/(decrease) in cash and cash equivalents	**549.6**	**(182.6)**	**N/A**

(1) Figures have been restated for the sole purpose of complying with IFRS 11 "Joint arrangements".

6.1 Operating cash flow

The operating cash flow generated during the year amounted to 608.9 million euro, compared with 774.8 million euro in 2013, which included a non-recurring positive effect deriving from the implementation of the supplier payment funds which contributed to a reduction in working capital of 264.8 million euro.

As planned, working capital recorded a significant reduction in the fourth quarter and ended the year with an improvement of 22.3 million euro, despite the adverse effect of the lower volume of trade receivables assigned to financial institutions amounting to 130.6 million euro, reaching a balance of 159.9 million euro at 31 December 2014.

(million euro)	Dec. 14	Dec. 13	Change (M€)
Environmental Services	(8.2)	205.9	(214.1)
Water	21.6	7.2	14.4
Construction	67.5	8.4	59.1
Cement	(2.0)	15.7	(17.7)
Corporate services and adjustments	(56.6)	27.6	(84.2)
(Increase)/decrease in working capital	**22.3**	**264.8**	**(242.5)**

Following the substantial improvement of past-due accounts receivable from government clients in Spain, at year-end 2014 the latter was close to 300 million euro. In this regard, in early 2015 the electronic invoicing system for public clients has been launched, which aims to contribute to reducing the average payment period to suppliers to thirty days and end public arrears.

Other operating cash flow amounted to 114.3 million euro and it mainly includes the application in provisions for risks and expenses in Construction, related to the restructuring of the area.

6.2 Investing cash flow

The consolidated investing cash flow in the year was reduced by 59.4% compared to the same period in 2013, the difference coming from other investing cash flow. During this financial year, deposits and guarantees were recovered along with the collection of loans from investees and discontinued affiliates amounting to 90.7 million euro. In 2013, the opposite was true for a negative net amount of 242.6 million euro. Excluding this line item, the cash flow from investments totalled 257.9 million euro in the year, compared to 168.9 million euro in 2013.

In this period, a total of 485.8 million euro have been paid in asset investments related to the operating activity of the Group (compared to 479.6 million euro in 2013); representing a 1.2% increase.

On the other hand, the company has performed divestments totalling 227.6 million euro, mostly related to assets held for sale, including most notably the divestment of FCC Environmental (US) in the amount of 69 million euro. Throughout the whole of 2013, divestments were received totalling 310.7 million euro, notable among which was Proactiva, for an amount of 125 million euro.

The breakdown of net investments, according to payments and collections by activity, is as follows:

(million euro)	**Dec. 14**	**Dec. 13**	**Change (M€)**
Environmental Services	(168.7)	(59.9)	(108.8)
Water	(96.7)	(103.7)	7.0
Construction	(77.1)	(3.6)	(73.5)
Cement	8.2	7.7	0.5
Corporate services and adjustments	76.4	(9.4)	85.8
Net investments	**(257.9)**	**(168.9)**	**(89.0)**

Notable are the net investments totalling 168.7 million euro made in the area of Environmental Services, which includes investments in the construction and expansion of treatment and municipal waste reduction plants in the UK.

6.3 Financing cash flow

The consolidated cash flow from financing in the year reflects a net cash inflow of 85.7 million euro, which essentially relates to the capital increase in the amount of 1,000 million euro in December, in addition to interest payments in the amount of 358.5 million euro and amortizations of financial liabilities in the amount of 554.4 million euro. It should be noted that this amount does not match the reduction in gross financial debt of 414.8 million euro on the balance sheet during the year, mainly due to the effect of exchange differences on the debt.

In 2013, this item included 96.6 million euro from the sale of 49% of the Water business in the Czech Republic (Aqualia Czech) and 150.6 million euro from the sale of 9.6% of the share capital in treasury stock.

6.4 Exchange differences, change in consolidation scope, etc

This heading, with a positive variation of 22.2 million euro in the period, includes the effect of exchange rate variations on the cash account. In 2013, this item also included a 177.7 million euro outflow in the Construction area due to the deconsolidation of the Alpine Group.

6.5 Variation in cash and cash equivalents

Combining all the previous cash flow movements, the Group's liquidity position increased by 549.6 million euro in the year, up to 1,537.1 million euro in cash and other equivalents at year end.

Citizen Services

7. BUSINESS PERFORMANCE

7.1 Environmental Services

Environmental Services contributed 52% of the FCC Group's total EBITDA. A total of 96% of its activities involve municipal solid waste collection, treatment and disposal, along with other municipal services such as street cleaning and green area upkeep. The other 4% corresponds to industrial waste collection and management.

FCC's business in Spain focuses on municipal waste management and street cleaning; in the UK, it is involved notably in municipal waste treatment and disposal; in Central and Eastern Europe, mainly Austria and the Czech Republic, it engages in end-to-end municipal waste management (collection, processing and disposal). FCC's Portuguese presence focuses on industrial waste management.

7.1.1 Results

(million euro)	**Dec. 14**	**Dec. 13**	**Chg. (%)**
Net Revenues	2,805.0	2,770.6	1.2%
Environmental	*2,680.5*	*2,635.5*	*1.7%*
Industrial Waste	*124.5*	*135.1*	*-7.8%*
EBITDA	418.3	424.6	-1.5%
EBITDA margin	14.9%	15.3%	*-0.4 p.p*
EBIT	(437.8)	(68.5)	N/A
EBIT margin	-15.6%	-2.5%	*-13.1 p.p*

Net revenues in the Environmental Services area totalled 2,805 million euro in the year, 1.2% more than in the same period last year. The positive performance of the Environmental activity offsets the 7.8% decline in revenues in the Industrial Waste business.

Revenue breakdown by region			
(million euro)	**Dec. 14**	**Dec. 13**	**Chg. (%)**
Spain	1,576.9	1,571.5	0.3%
UK	846.0	809.2	4.5%
Central and Eastern Europe	347.3	349.6	-0.7%
Portugal and other	34.8	40.3	-13.6%
Total	**2,805.0**	**2,770.6**	**1.2%**

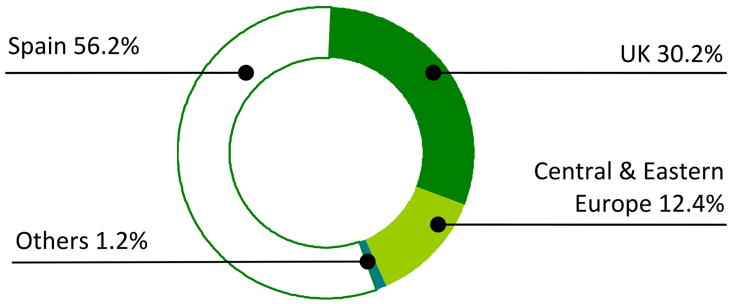
In Spain, revenues remained stable (0.3%) at 1,576.9 million euro, due to the positive evolution of urban waste management, which offsets the 3.6% reduction in the domestic Industrial Waste activity.

In the UK, revenues increased 4.5% due to the positive effect of the exchange rate, and to the notable increase in the urban waste treatment, recycling and incineration activity, which accounts for 50% of the total waste treatment managed. During 2014, a number of recycling and processing facilities have started to operate, as well as the Lincolnshire incineration plant. Yet under construction, two treatment and incineration plants in the counties of Wrexham (extension) and Buckinghamshire, whose operational start-up is expected for the end of 2015 and 2016, respectively.

In Central and Eastern Europe revenues fell slightly by 0.7% as a result of the negative effect of the exchange rate in the Czech Republic (-5.7%) and to the effect of a progressive application of a landfill tax in certain countries; which has been compensated by the significant increase in the urban waste collection activity in Poland.

The 13.6% decline in net revenues in other markets is due basically to the completion of a large sludge removal contract in Italy (-6.2 million euro) and to the slowdown in the industrial waste activity in Portugal.

Revenue breakdown, by region



Gross operating income (EBITDA) decreased by 1.5% to 418.3 million euro; representing a 14.9% operating margin (15.3% in 2013). In Spain, the increase in social security contributions arising from recent regulatory changes in labour matters weighs strong; while in the UK the operating margin has been favoured by the entry into operation of the Lincolnshire incinerator and in Central and Eastern Europe has improved with the efficiency measures implemented throughout the year.

Net operating profit, however, reflects losses of 437.8 million euro after including in EBITDA a 649.7 million euro impairment, recorded in the tangible assets of the sub-group FCC Environment (Environmental Services in the UK) and linked to landfills. This impairment has no effect on cash flow and corresponds to the progressive closure forecast in some landfills which are no longer profitable due to lesser volumes than expected as a result of a continued increase in the landfill tax in the past few years. This decision accelerates the change of the urban waste management business in the UK, giving more weight to the recycling, recovery and treatment activity, so as to improve profitability in all the operations in the long-term.

In 2013, net operating income of -68.5 million euro included an impairment to goodwill for the FCC Environment subgroup amounting to 236.4 million euro, in addition to an impairment to goodwill for the companies engaged in Industrial Waste amounting to 24 million euro.

Backlog breakdown by region

(million euro)	**Dec. 14**	**Dec. 13**	**Chg. (%)**
Spain	7,070.9	7,437.4	-4.9%
International	4,598.8	4,447.4	3.4%
Total	**11,669.7**	**11,885.0**	**-1.8%**

Finally, backlog fell by 1.8% compared to the aggregate at year end 2013, reaching 11,669.7 million euro, which this year includes various extensions of contracts in Spain. This amount covers more than 4 times the 2014 revenues.

7.1.2 Cash Flow

(million euro)	**Dec. 14**	**Dec. 13**	**Chg. (%)**
Funds from operations	**437.8**	**443.5**	**-1.3%**
(Increase)/decrease in working capital	(8.2)	205.9	-104.0%
Income tax (paid)/received	(38.5)	(53.2)	-27.6%
Other operating cash flow	(35.3)	(20.6)	71.4%
Operating cash flow	**355.8**	**575.6**	**-38.2%**
Investment payments	(254.9)	(197.1)	29.3%
Divestment receipts	86.2	137.2	-37.2%
Other investing cash flow	50.3	140.4	-64.2%
Investing cash flow	**(118.4)**	**80.5**	**N/A**
Interest paid	(160.7)	(130.6)	23.0%
Issuance/(repayment) of financial liabilities	(300.2)	(367.0)	-18.2%
Other financing cash flow	417.5	(137.1)	N/A
Financing cash flow	**(43.4)**	**(634.7)**	**-93.2%**
Exchange differences and others	12.1	(8.0)	N/A
Increase/(decrease) in cash and cash equivalents	**206.1**	**13.5**	**N/A**

(million euro)	**Dec. 14**	**Dec. 13**	**Change (M€)**
Net interest-bearing debt	**1,764.4**	**2,162.5**	**(398.1)**
With recourse	*1,139.0*	*1,475.5*	*(336.5)*
Without recourse	*625.5*	*687.0*	(61.6)

Operating cash flow generated by the Environmental Services area in 2014 totalled 355.8 million euro, down 38.2% compared to the same period of 2013. This was due both to the extraordinary cash-in of collection rights from customers in 2013 linked to the supplier payment plan, and to the lower sales volume of collection rights from clients. All in all, the average collection period in the domestic Environmental activity at year end was 4.5 months, compared to 5 months at the end of 2013.

Investment payments increased to 254.9 million euro, mainly due to the development of new treatment plants in the UK. Furthermore, the cash from divestments include the sale of FCC Environmental (US) in the amount of 69 million euro in the fourth quarter of 2014. The section includes deposits and guarantees recovered from the termination of a treatment plant in UK, within item "other investing cash flow".

The net interest-bearing debt of the area was reduced by 398.1 million euro in 2014, standing at 1,764.4 million euro at year-end, following the transfer of 480 million euro to the parent company, corresponding to the historic debt from the acquisition of subsidiaries overseas. The net non-recourse debt amounts to 625.5 million euro, of which 510 million euro correspond to the UK business, 80.6 million euro to the Central and Eastern Europe business and the remaining 34.9 million euro to other treatment and recycling plants in Spain and Portugal.

7.2 Water

The Water area accounts for 25.9% of FCC Group EBITDA. Public concessions and end-to-end water management operations (capture, distribution and treatment) account for 92% of total revenues, and water infrastructure design and construction for the other 8%.

FCC serves more than 13 million people in over 850 municipalities in Spain. In Eastern Europe, FCC serves 1.3 million users, mainly in the Czech Republic. It also has a strong presence in Italy and Portugal. In Latin America, the Middle East and North Africa, FCC is involved mainly in water infrastructure design, construction and management. FCC Aqualia provides water supply and/or sewage services to 23.5 million people worldwide.

7.2.1 Results

(million euro)	**Dec. 14**	**Dec. 13**	**Chg. (%)**
Net Revenues	954.0	945.6	0.9%
Concessions	*876.6*	*867.6*	1.0%
Design and Construction	*77.4*	*78.0*	-0.8%
EBITDA	208.4	193.7	7.6%
EBITDA margin	21.8%	20.5%	*1.4 p.p*
EBIT	123.9	115.9	6.9%
EBIT margin	13.0%	12.3%	*0.7 p.p*

Net revenues for the area grew by 0.9% compared to 2013, reaching 954 million euro. The concessions business has seen a 1% increase in turnover, despite the negative effect of the exchange rate against the Czech koruna (-5.7%); while income from the water treatment design and construction remained virtually unchanged (-0.8%).

Revenue breakdown by region

(million euro)	**Dec. 14**	**Dec. 13**	**Chg. (%)**
Spain	772.1	749.8	3.0%
Eastern Europe	90.0	94.3	-4.6%
Rest of Europe	51.2	49.3	3.9%
Latin America	24.1	35.6	-32.3%
Middle East, North Africa and Others	16.7	16.6	0.6%
Total	**954.0**	**945.6**	**0.9%**

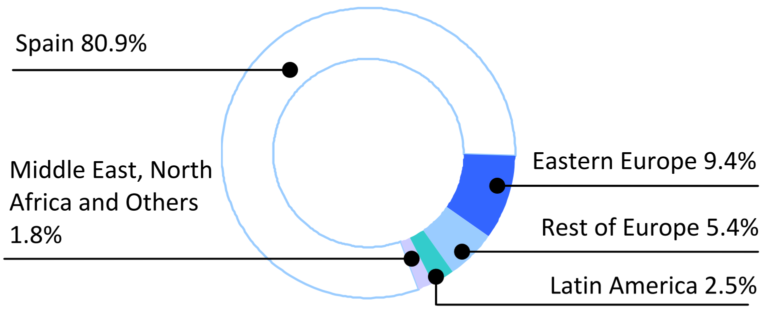
In Spain, revenues increased 3.0% with the addition of Jerez de la Frontera and Cartaya new end-to-end water management contracts, among others, and an increase in the Alcalá de Henares contract and the management of various installations in Madrid.

In Eastern Europe, revenues decreased 4.6% mainly due to the aforementioned negative exchange rate effect in the Czech Republic. In the rest of Europe, activity increased 3.9% after the effect of the adjustment of rates in Italy that took place in third quarter of 2013.

In Latin America, the fall in revenues (-32.3%) was due to the completion of a number of treatment plants in Mexico and a desalination plant in Chile. Looking to the year 2015, we expect an increase in turnover in the region for the execution of various projects such as the construction of a sewerage line in Mexico, an underwater outfall in Uruguay and a treatment plant in Chile.

Finally, income in other markets remains stable (+0.6%) following the initiation of the construction of a desalination plant in Tunisia in the fourth quarter of 2014, which has offset the adverse comparative effect of the adjustment of the operating rates of two desalination plants in Algeria that occurred in the third quarter of 2013.

Revenue breakdown, by region



The gross operating income (EBITDA) increased 7.6% up to 208.4 million euro; representing a 21.8% operating margin (20.5% in 2013). This improvement has mainly arisen as a result of the improved operational efficiency of the concessions business, although it also includes a significant margin improvement in the business of designing and building water infrastructures due to the successful completion of several projects during the year.

Backlog breakdown by region

(million euro)	Dec. 14	Dec. 13	Chg. (%)
Spain	10,575.1	10,653.0	-0.7%
International	4,538.7	4,206.5	7.9%
Total	**15,113.8**	**14,859.5**	**1.7%**

Backlog increased by 1.7% compared to the aggregate at year-end 2013, reaching 15,113.8 million euro, driven by the addition of several international contracts for the design and construction of water infrastructures, along with the upgrade to the associated backlog with the end-to-end supply contract in the Czech Republic. This amount covered more than 15 times the 2014 revenues.

7.2.2 Cash Flow

(million euro)	Dec. 14	Dec. 13	Chg. (%)
Funds from operations	**227.6**	**211.4**	**7.7%**
(Increase)/decrease in working capital	21.6	7.2	200.0%
Income tax (paid)/received	(30.6)	(18.1)	69.1%
Other operating cash flow	0.8	(1.7)	-147.1%
Operating cash flow	**219.4**	**198.8**	**10.4%**
Investment payments	(106.4)	(122.2)	-12.9%
Divestment receipts	9.7	18.5	-47.6%
Other investing cash flow	(123.7)	(11.1)	N/A
Investing cash flow	**(220.5)**	**(114.7)**	**92.2%**
Interest paid	(45.3)	(73.4)	-38.3%
Issuance/(repayment) of financial liabilities	82.7	(123.2)	-167.1%
Other financing cash flow	3.7	109.3	-96.6%
Financing cash flow	**41.1**	**(87.3)**	-147.1%
Exchange differences and others	(0.5)	0.6	-183.3%
Increase/(decrease) in cash and cash equivalents	**39.6**	**(2.6)**	N/A

(million euro)	Dec. 14	Dec. 13	Change (M€)
Net interest-bearing debt	**326.8**	**395.9**	**(69.1)**
With recourse	*86.6*	*191.5*	*(104.9)*
Without recourse	*240.2*	*204.4*	35.8

The operating cash flow generated by the Water area during the year increased by 10.4% compared to the same period in 2013, totalling 219.4 million euro, in line with the increase in funds from operations.

Investment payments decreased 12.9% to 106.4 million euro, due to the comparative effect with 2013, which included the payment of a fee in connection with the 25-year end-to-end water management concession in Jerez, Spain. Other investing cash flow includes mainly loans to Group companies, which are adjusted in the consolidated cash flow statement.

Net interest-bearing debt is at 326.8 million euro, down 69.1 million euro. Net non-recourse debt of the parent company amounts to 240.2 million euro, of which 166.3 million euro correspond to business in the Czech Republic and the remaining 73.9 million euro to various end-to-end water management concessions in Spain.

7.3 Construction

The Construction area accounts for 12.2% of FCC Group EBITDA. It is mainly involved in the design and construction of large civil engineering and industrial works and building in certain geographies. It operates in highly complex public works such as railways, tunnels and bridges, which, with industrial installation and maintenance projects, account for a large part of its activity.

7.3.1 Results

(million euro)	**Dec. 14**	**Dec. 13**	**Chg. (%)**
Net Revenues	2,076.1	2,597.1	-20.1%
EBITDA	98.2	94.3	4.1%
EBITDA margin	*4.7%*	*3.6%*	*1.1 p.p*
EBIT	27.8	(253.2)	-111.0%
EBIT margin	*1.3%*	*-9.7%*	*11.1 p.p*

Revenues from the area totalled 2,076.1 million euro during 2014; representing a 20.1% decline compared to the previous year, due to the sharp adjustment in public spending on infrastructure in Spain in the last few years, and to the still incipient phase of important international contracts that will start later than initially envisaged.

Revenue breakdown by region

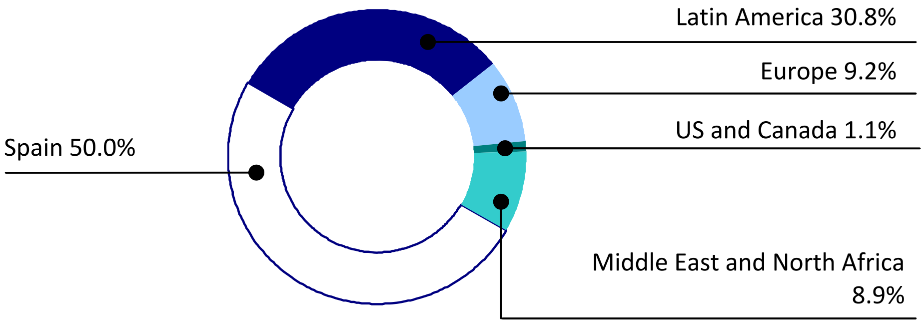
(million euro)	**Dec. 14**	**Dec. 13**	**Chg. (%)**
Spain	1,037.9	1,447.2	-28.3%
Latin America	640.4	880.0	-27.2%
Europe	190.7	167.8	13.6%
Middle East and North Africa	184.5	40.8	352.2%
US, Canada and others	22.5	61.2	-63.2%
Total	**2,076.1**	**2,597.1**	**-20.1%**

The strong increase in revenues in Middle East and North Africa is mainly due to the commencement of works in the Riyadh metro. The first conditioning phases for the works in the Doha metro began at the end of the third quarter.

Revenues in Latin America decreased 27.2% due to the completion of large projects such as the metro and road reorganisation in Panama City. The works for the Lima metro are expected to start in the second quarter of 2015. In Europe, the 13.6% rise in revenues is mainly due to the start of the Mersey Gateway project in the UK. The drop in revenues in the US and Canada is due to the completion of the Toronto metro project.

Looking to the year 2015, we expect that turnover in international markets will return to the path of growth once more, due to large-scale projects such as the metros in the cities of Riyadh, Lima and Doha. In any case, it should be noted that the area's growth targets are subject to operational and financial efficiency.

Revenue breakdown by region



Despite the lower net revenues, the gross operating profit (EBITDA) improved by 4.1% year-on-year, reaching 98.2 million euro, which represents an operating margin of 4.7% compared to 3.6% in 2013. This improvement in profitability is due to the measures implemented to adapt the cost structure in Spain to current demand and to the improvement in the average profitability of international contracts.

EBIT fell to 27.8 million euro after incorporating into EBITDA 34 million euro of non-recurrent provisions to cover the risks of the real estate business, with no impact on cash flow during the period.

In 2013, net operating income of -253.2 million euro included impairments and provisions of assets, primarily real estate and concession assets, for an aggregate amount of 129.7 million euro, together with the recognition of a provision of 103.9 million euro for risks associated with certain international contracts and a provision of 75.6 million euro for workforce restructuring costs.

Backlog breakdown by region

(million euro)	**Dec. 14**	**Dec. 13**	**Chg. (%)**
Spain	2,019.7	2,520.6	-19.9%
International	4,193.3	4,087.5	2.6%
Total	**6,213.0**	**6,608.1**	**-6.0%**

The area's backlog fell 6% compared to the end of 2013, reaching 6,213 million euro, due to the continuous decrease in contracting in Spain. However, this balance allows for a guaranteed period of activity of almost three years and is aligned with the aims of giving precedence to future profitability over greater volumes of activity.

Backlog breakdown, by business segment

(million euro)	**Dec. 14**	**Dec. 13**	**Chg. (%)**
Civil engineering	5,002.2	5,095.3	-1.8%
Building	886.5	1,237.1	-28.3%
Industrial projects	324.3	275.7	17.6%
Total	**6,213.0**	**6,608.1**	**-6.0%**

By business segment, Civil engineering and Industrial projects are gaining weight in the backlog (85.7% of the total), the remaining 14.3% is for the building segment, mainly non-residential. In total, the backlog guaranteed over 35 months' work.

7.3.2 Cash Flow

(million euro)	Dec. 14	Dec. 13	Chg. (%)
Funds from operations	**50.2**	**120.1**	**-58.2%**
(Increase)/decrease in working capital	67.5	8.4	N/A
Income tax (paid)/received	50.6	(18.7)	N/A
Other operating cash flow	(71.2)	(73.5)	-3.1%
Operating cash flow	**97.1**	**36.3**	**167.5%**
Investment payments	(104.5)	(115.0)	-9.1%
Divestment receipts	27.4	111.4	-75.4%
Other investing cash flow	(137.6)	(146.0)	-5.8%
Investing cash flow	**(214.6)**	**(149.5)**	**43.5%**
Interest paid	(45.7)	(82.3)	-44.5%
Issuance/(repayment) of financial liabilities	208.8	162.2	28.7%
Other financing cash flow	0.9	(0.9)	-200.0%
Financing cash flow	**164.0**	**79.0**	**107.6%**
Exchange differences and others	7.7	(164.2)	-104.7%
Increase/(decrease) in cash and cash equivalents	**54.2**	**(198.3)**	**-127.3%**

(million euro)	Dec. 14	Dec. 13	Change (M€)
Net interest-bearing debt	**(212.3)**	**(164.1)**	**(48.2)**
With recourse	*(280.3)*	*(205.9)*	*(74.4)*
Without recourse	*68.0*	*41.8*	26.2

The area of Construction has recorded an operating cash flow of 97.1 million euro in the year, up from 36.3 million in 2013, due to the reduction in operating working capital of 67.5 million euro and to the 50.6 million euro from income tax to the parent company. Other operating cash flow includes, in both periods, provisions for structure adjustments that have already been provisioned, mainly in the area of domestic Construction, which continues to be a burden on the operating cash flow in this area.

Investment cash flow includes payments for investments —net of cash collections from disposals, in the amount of 77.1 million euro— including contributions to infrastructure concession management companies in the amount of 49.2 million euro. In 2013, investment cash flow included collections from disposals totalling 111.4 million euro, mainly related to the sale of minority stakes in various concessionaires and real estate companies. Other investing cash flow, amounting to 137.6 million euro mainly includes loan variations granted to Group companies and affiliates.

Overall, the area's net cash position increased by 48.2 million euro with respect to December 2013, resulting in 2014 in net cash flow position of 212.3 million euro. The 68 million euro in net interest-bearing debt without recourse to the parent company corresponds to the concession companies for the Coatzacoalcos Tunnel (Mexico) and Conquense Highway (Spain).

7.4 Cement

The Cement area accounts for 13% of the FCC Group EBITDA, through its 77.9% stake in Cementos Portland Valderrivas. It focuses mainly on cement production, and that company has seven cement factories in Spain, three in the US and one in Tunisia.

7.4.1 Results

(million euro)	**Dec. 14**	**Dec. 13**	**Chg. (%)**
Net Revenues	542.9	540.9	0.4%
Cement	*467.2*	*426.2*	*9.6%*
Other	*75.7*	*114.7*	*-34.0%*
EBITDA	104.8	50.4	107.9%
EBITDA margin	*19.3%*	*9.3%*	*10.0 p.p*
EBIT	35.9	(24.2)	N/A
EBIT margin	*6.6%*	*-4.5%*	*11.1 p.p*

Income in this area reached 542.9 million euro in 2014 and grew slightly by 0.4%, although this represents the first increase for six consecutive years. By business activity, the 9.6% increase in the net revenues in Cement was offset by the divestment of the least profitable businesses of concrete, mortar and aggregates in Spain.

Revenue breakdown by region

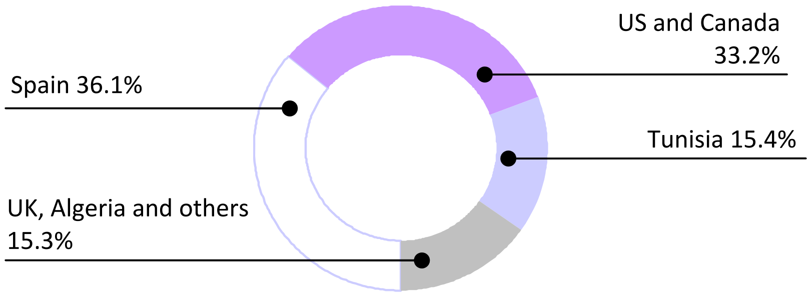
(million euro)	**Dec. 14**	**Dec. 13**	**Chg. (%)**
Spain	196.0	215.0	-8.8%
US and Canada	180.0	180.3	-0.2%
Tunisia	83.8	79.7	5.1%
UK, Algeria and others	83.1	65.9	26.1%
Total	**542.9**	**540.9**	**0.4%**

In Spain, revenues fell by 8.8% due to the aforementioned closure of less profitable plants in the concrete, mortar and aggregate business (whose revenues fell by 55.4%). On the other hand, cement revenues, which reflect the area's evolution on a homogeneous basis of productive assets, increased by 11.7% compared with an annual 0.4% increase in the Spanish cement consumption.

Revenues in the US and Canada were affected by especially adverse weather conditions in the first few months of the year and the period ended practically level compared to 2013 (-0.2%).

In Tunisia, revenues increased by 5.1% despite the negative exchange rate effect (-4.3%), due to improved prices in sales volumes in the local market. Revenues from exports to the UK, Algeria and other markets rose a notable 26.1%.

Revenue breakdown by region



The gross operating profit practically doubled (+107.9%) with respect to the previous year 2013 figures, totalling 104.8 million euro, mainly due to cost saving measures implemented in Spain in previous quarters. This EBITDA figure includes 20.8 million euro from the sale of emissions rights, compared to 2.6 million euro in 2013. Excluding the sale of emissions rights, the area's EBITDA grew by 75.7%. In international markets, the improvement in EBITDA in Tunisia more than offsets the effects of adverse weather in the US during the first few months of the year.

EBIT totalled 35.9 million euro compared to a negative balance of 24.2 million euro in 2013, which included capital gains on the asset sale and swap with CRH for 105 million euro, for the 46.3 million euro in writedowns of less profitable assets and a 58.6 million euro provision for non-recurrent restructuring costs.

7.4.2 Cash Flow

(million euro)	**Dec. 14**	**Dec. 13**	**Chg. (%)**
Funds from operations	**99.1**	**42.8**	**131.5%**
(Increase)/decrease in working capital	(2.0)	15.7	-112.7%
Income tax (paid)/received	(5.5)	(3.5)	57.1%
Other operating cash flow	(6.8)	(29.6)	-77.0%
Operating cash flow	**84.8**	**25.4**	**N/A**
Investment payments	(14.6)	(31.3)	-53.4%
Divestment receipts	22.8	39.0	-41.5%
Other investing cash flow	0.7	2.4	-70.8%
Investing cash flow	**8.9**	**10.1**	-11.9%
Interest paid	(71.4)	(71.2)	0.3%
Issuance/(repayment) of financial liabilities	(23.8)	(23.7)	0.4%
Other financing cash flow	(4.1)	13.0	-131.5%
Financing cash flow	**(99.3)**	**(81.9)**	**21.2%**
Exchange differences and others	2.9	0.3	N/A
Increase/(decrease) in cash and cash equivalents	**(2.7)**	**(46.1)**	**-94.1%**

(million euro)	**Dec. 14**	**Dec. 13**	**Change (M€)**
Net interest-bearing debt	**1,304.3**	**1,363.7**	**(59.4)**
With recourse	*20.4*	*108.2*	(87.8)
Without recourse	*1,283.9*	*1,255.5*	28.4

The area of Cement has generated an operating cash flow of 84.8 million euro in the year as a whole, compared to 25.4 million in 2013, thanks to the aforementioned increase in gross operating income, along with lower restructuring payments, conducted mainly in 2013.

Investing cash flow totalled 8.9 million euro due to the divestment of non-operational property, plant and equipment and to the restrictions on new investments. The figure in 2013 included the proceeds of 22.1 million euro from the sale of a terminal in the UK.

Net interest-bearing debt declined by 59.4 million euro with respect to December 2013, to 1,304.3 million euro, largely due to the capitalisation of a 110.8 million euro loan granted by the FCC Group's parent company.

8. SHARE DATA

8.1 Share performance

	Jan. – Dec. 2014	Jan. –Dec. 2013
Closing price (€)(1)	11.75	11.84
Change	*(0.8%)*	*64.06%*
High (€)(1)	15.49	12.50
Low (€)(1)	9.54	4.90
Average daily trading (no. shares)	1,331,501	798,280
Average daily cash (€ million)	20.4	9.3
Market cap. at end of period (€ million)	3,062	2,059
No. of shares outstanding at close	260,572,379	127,303,296

(1) Adjusted data for the capital increase carried out in 2014 for 133.26 million shares.

8.2 Dividends

FCC has not distributed a dividend since December 2012, meaning that since that time no payment of dividends has taken place.

8.3 Treasury stock

As of 31 December 2014, the FCC Group held a total of 232,747 own shares directly and indirectly (0.089% of the company's capital.

9. DISCLAIMER

This document may contain forward-looking statements about intentions, expectations or predictions of the FCC Group or its directors on the date of issue thereof, relating to various aspects such as the growth of the various lines of business, the FCC Group's results or other aspects of the business and its status.

These forward-looking statements or predictions do not constitute —by their very nature— guarantees of future compliance, as they are dependent on risks, uncertainties, and other significant factors that could cause the actual developments and results to differ materially from those expressed in the said intentions, expectations or predictions.

This document does not constitute an offering or an invitation to acquire or subscribe shares in accordance with Act 24/1988, of 28 July, on the Securities Market, Royal Decree-Act 5/2005, of 11 March, and/or Royal Decree 1310/2005, of 4 November, and their implementing regulations.

Additionally, this document is neither an offer to buy nor a solicitation to purchase, sell or exchange shares, nor is it a request for any kind of vote or approval in any other jurisdiction.

This statement should be taken into account by all persons or institutions who may have to take decisions or prepare or disseminate opinions relating to securities issued by the FCC Group. Such persons may consult the documentation and public information registered by the FCC Group with the Spanish National Securities Market Commission.

This document contains audited financial information prepared in accordance with International Financial Reporting Standards (IFRS).

10. CONTACT DETAILS

FINANCE DEPARTMENT	
INVESTOR RELATIONS DEPARTMENT	
> Postal address:	Avda. Camino de Santiago, 40 Building 2, 2nd Floor - 28050- Madrid. Spain.
>Telephone:	902 109 845
> Website:	www.fcc.es
>E-mail:	ir@fcc.es